



United States Department of Justice

Offices of the United States Attorneys

THE UNITED STATES ATTORNEY'S OFFICE  
SOUTHERN DISTRICT *of* NEW YORK

U.S. Attorneys » Southern District of New York » News » Press Releases

Department of Justice

SHARE

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Thursday, August 30, 2018

## Four Individuals Charged In Widespread Scheme To Defraud Medicare And Other Health Insurance Providers Through Fraudulent Medical Corporations And False Billing Resulting In Tens Of Millions Of Dollars In Losses

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, William F. Sweeney, Jr., the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), Scott J. Lampert, Special Agent in Charge of the New York Office of the U.S. Department of Health and Human Services, Office of Inspector General ("HHS-OIG"), and Thomas P. DiNapoli, the New York State Comptroller, announced the unsealing today of an indictment charging JAMES SPINA, JEFFREY SPINA, ANDREA GROSSMAN, and KIMBERLY SPINA with participating in a widespread health care fraud scheme through their fraudulent operation of Dolson Avenue Medical ("DAM" or the "Practice"), a multi-disciplinary medical clinic located in Middletown, New York. The defendants were all arrested today, and presented in federal district court in White Plains. This case has been assigned to U.S. District Court Judge Kenneth M. Karas.

Berman also today announced the guilty plea of CHARLES BAGLEY, a licensed medical doctor formerly affiliated with DAM and other businesses, to conspiracy to commit health care fraud, charged in a separate Information unsealed today.

U.S. Attorney Geoffrey S. Berman said: "As alleged, these four defendants purported to run a legitimate medical clinic that provides care and rehabilitation to patients. Instead, the defendants allegedly put aside their medical and fiduciary obligations for greed, attempting to bilk insurance companies and federally-funded Medicare out of



Public Service  
Announcement on  
Sexual Assault in Public  
Housing



Community Outreach

Giving back to the  
community through a  
variety of venues &  
initiatives.

LEARN MORE

more than \$80 million. Thanks to the coordinated efforts of federal and state investigative agencies, the defendants will have to answer for their alleged crimes.”

FBI Assistant Director-in-Charge William F. Sweeney Jr. said: “Patients go to a doctor hoping they will help them get better. The subjects in this investigation allegedly performed treatments patients didn’t need, double billed for procedures and up-coded. The FBI New York agents and our law enforcement partners uncovered tens of millions of dollars in losses. This type of fraud eventually ends up costing all patients more money when they seek medical attention. We will continue to work tirelessly to stop health care fraudsters hoping to make millions while the patients they should be treating continue to suffer.”

HHS-OIG Special Agent in Charge Scott J. Lampert said: “This indictment should serve as a warning to any health care provider that dares to put personal profit ahead of proper patient care. HHS-OIG, along with our law enforcement partners, will continue to aggressively pursue those who seek to undermine the federally funded health care programs intended for our most vulnerable Americans.”

New York State Comptroller Thomas P. DiNapoli said: “The Spinas and their associates allegedly swindled tens of millions of dollars by fraudulently billing health insurers including the NYS Health Insurance Program and the State Insurance Fund. An alleged theft of this magnitude is appalling when so many hard-working people experience rising health care costs. Now, their alleged scams have been exposed, thanks to my partnership with U.S. Attorney Berman, the FBI, the U.S. Department of Health and Human Services Inspector General and the Orange County Sheriff’s Office.”

According to the allegations in the Indictment unsealed today in White Plains federal court:[1]

From 2011 through September 2017, DAM was a registered medical service corporation in New York State that purported to provide a variety of pain management and rehabilitation services including physical medicine and rehabilitation, chiropractic services, physical therapy, diagnostic testing, and acupuncture. DAM primarily provided treatment services from its clinic located at 201 Dolson Avenue, Middletown, New York.

In addition to DAM, at least eight other corporations, including four other medical corporations, billed Medicare and other health insurance providers (the “Insurance Providers”) from 201 Dolson Avenue (the “Associated Businesses”). On paper, DAM and the Associated Businesses appeared to be separate entities owned by multiple different qualified individuals. But in reality, JAMES SPINA and JEFFREY SPINA, who are doctors of chiropractic - not medical doctors - were the true owners and operators of the different medical service corporations.

According to the indictment, JAMES SPINA and JEFFREY SPINA, together with GROSSMAN, made all corporate decisions for DAM and the Associated Businesses. In particular, JAMES SPINA and JEFFREY SPINA ran the day-to-day operations of the businesses. They controlled payroll, the hiring and firing of employees, corporate expenses, like employee compensation and rent, and billing to Insurance Providers. Further, JAMES SPINA and JEFFREY SPINA were the financial beneficiaries of DAM and its Associated Businesses.

**VWA**  
VICTIM  
WITNESS  
ASSISTANCE

Making sure that victims of federal crimes are treated with compassion, fairness and respect.

[LEARN MORE](#)



**Prescription Drug Abuse**  
**Public Service Announcements**

Manhattan | Rockland

OFICINAS DE LOS FISCALDES DE  
LOS ESTADOS UNIDOS  
**EN ESPAÑOL**

JAMES SPINA and JEFFREY SPINA, however, went to great lengths to conceal their control and ownership of DAM and the Associated Businesses. In particular, JAMES SPINA and JEFFREY SPINA recruited medical doctors and other professionals to serve as the nominee owners of DAM and the Associated Businesses. JAMES SPINA and JEFFREY SPINA further concealed their ownership of DAM and the Associated Businesses by transferring revenues of these companies into other companies they owned. To further disguise these transfers, JAMES SPINA and JEFFREY SPINA drafted fake lease and marketing agreements between DAM and the Associated Businesses and purported real estate and marketing companies they owned and referred to the payments as “rent” or “marketing fees.” The defendants also used phony and non-existent addresses for the corporations so that it would appear that DAM and the Associated Businesses were operating out of separate locations.

As alleged, in operating the multiple fraudulent businesses, JAMES SPINA and JEFFREY SPINA, routinely showed little, if any, regard for which medical services or treatments were medically necessary, or even whether the services were actually provided to patients, and instead operated DAM and billed Insurance Providers to maximize DAM’s reimbursements and ultimately, their own profits. In particular, JAMES SPINA and JEFFREY SPINA, with assistance from GROSSMAN, the bookkeeper for DAM and its Associated Businesses, and KIMBERLY SPINA, an administrator at the Practice: (a) submitted and caused to be submitted claims to Insurance Providers for medically unnecessary services and procedures; (b) submitted and caused to be submitted claims to Insurance Providers for medical services that were not rendered; (c) double billed, *i.e.*, submitted and caused to be submitted multiple claims for the same service to two different Insurance Providers; (d) altered and fabricated medical records; and (e) obstructed and impeded audits by Medicare and other Insurance Providers to conceal their fraud.

As a consequence of the above-described scheme, the majority of the claims submitted by DAM and the Associated Businesses to Medicare and other Insurance Providers were false and fraudulent. The submitted claims during the relevant time period totaled more than \$80,000,000, resulting in losses of tens of millions of dollars.

As alleged in a separate Information filed today in White Plains federal court:

CHARLES BAGLEY, a licensed medical doctor affiliated with DAM and the Associated Businesses, participated in the health care fraud scheme, whereby BAGLEY, a licensed medical doctor, agreed with others to submit, and cause to be submitted, false claims to Medicare and other health care benefit programs to obtain reimbursement to which he and his co-conspirators were not entitled.

\* \* \*

BAGLEY, 69, of Great Neck, New York, pled guilty today to one count of conspiracy to commit health care fraud, which carries a maximum sentence of 10 years in prison. The defendant will be sentenced at a future date. The case is assigned to United States District Judge Nelson S. Román.

JAMES SPINA, 59, of Middletown, New York, JEFFREY SPINA, 56, of Middletown, New York, ANDREA GROSSMAN, 59, of Loch Sheldrake, New York, and KIMBERLY SPINA, 54, of Woodbourne, New York, are each charged with one count of conspiring to commit health care fraud and one count of health care fraud, each of which carries a

maximum sentence of 10 years in prison. In addition, JAMES SPINA and JEFFREY SPINA are charged with one count of obstructing and impeding a federal audit, with carries a maximum sentence of five years in prison.

The statutory maximum sentence is prescribed by Congress and provided here for informational purposes only, as any sentencing of the defendant would be determined by the judge

Manhattan U.S. Attorney Geoffrey S. Berman praised the outstanding investigative work of the FBI, HHS-OIG, the New York State Office of the State Comptroller, and the Orange County Sheriff's Office. He also thanked the Orange County District Attorney's Office, the Sullivan County District Attorney's Office, the National Insurance Crime Bureau, Liberty Mutual Insurance, and USAA Insurance for their assistance.

The case is being handled by the Office's White Plains Division. Assistant U.S. Attorneys Kathryn Martin and Emily Deininger are in charge of the prosecution.

The charges contained in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

[1] As the introductory phrase signifies, the entirety of the text of the Complaint and the description of the Complaint set forth herein constitute only allegations, and every fact described should be treated as an allegation.

**Attachment(s):**

[Download U.S. v. James Spina et al Indictment](#)

[Download U.S. v. Charles Bagley Information](#)

**Component(s):**

[USAO - New York, Southern](#)

**Press Release Number:**  
[18-299](#)

**Topic(s):**

[Health Care Fraud](#)

Updated August 31, 2018

## Southern District of New York

One St. Andrews Plaza - New York, NY 10007

- HOME**
- ABOUT**
  - [Office History](#)
  - [About the District](#)
- U.S. ATTORNEY**
  - [Senior Leadership](#)
- DIVISIONS**
  - [Civil Division](#)
  - [Criminal Division](#)
- NEWS**
  - [Press Releases](#)
  - [Press Conferences](#)
  - [Speeches](#)
  - [Gallery](#)
- PROGRAMS**
  - [Reentry Program](#)
  - [Community Outreach](#)
  - [Victim Witness Assistance](#)
- EMPLOYMENT**
  - [Benefits](#)
  - [Assistant U.S. Attorneys](#)
  - [Support Staff](#)
  - [Law Student Intern Program](#)
  - [Undergraduate Internships](#)
  - [Monitors, Receivers,](#)

## U.S. DEPARTMENT OF JUSTICE

- [Accessibility](#) [Justice.gov](#)
- [FOIA](#) [USA.gov](#)
- [Privacy Policy](#)
- [Legal Policies & Disclaimers](#)

Claims Admin

**CONTACT**

[Report Crime](#)  
[Civil Rights](#)